

**Bert Hartsfield, CFA**

**Leon County Property Appraiser**



**Portability - Explained**

# What is Portability?

## ■ Portability

The ability to transfer the benefit of the homestead property assessment limitation (defined in FS 193.155) described as the dollar value difference between market value and assessed value, or a percentage thereof, from an existing homestead to a newly homesteaded property.

$$\begin{aligned} & \text{MARKET VALUE} \\ & (\text{MINUS}) \text{ ASSESSED VALUE} \\ & = \text{PORTABLE AMOUNT} \end{aligned}$$

# Portability



- **Previously**, the Save Our Homes (SOH) benefit did not transfer when a homestead property was sold.
- **With Portability**, the accumulated Save Our Homes (SOH) benefit transfers (up to \$500,000) to a new homestead property within 2 years.

# So, what exactly is someone “porting” to a new home?

- **EXAMPLE**

- **Purchased in 2003 for \$195,000 (assessed at 85% for 2004)**

	Tax Year 2004	Tax Year 2005	Tax Year 2006	Tax Year 2007
Market Value	\$165,750	\$185,640	\$215,340	\$232,570
*SOH Value	\$165,750	\$170,722	\$175,844	\$180,240
Homestead Exemption	\$25,000	\$25,000	\$25,000	\$25,000
Taxable Value	\$140,750	\$145,722	\$150,844	\$155,240

The portable amount is the difference between the market value and the SOH Value:

$$\$232,570 - \$180,240 = \$52,330$$

\*SOH value is “capped” at an increase of 3.0% per year, while the market value increases due to normal market activity.

# Now, let's take our \$52,330 portability to a Higher value home.

## CURRENT HOME



- 2007 Market Value \$232,570
- Assessed Value - \$180,240
- = Portable Amount \$52,330**

## NEW HOME



- Purchase Price \$400,000
- Market Value (85%) \$340,000
- (minus) Portability - **\$52,330**
- = Assessed Value **\$287,670**
- (minus) Homestead - \$25,000
- (minus) Add'l Homestead excl. Schools - \$25,000
- = School Taxable Value **\$262,670**
- = Other Taxable Value **\$237,670**

# Assessment Formula

## as per Senate Bill 4-D 2<sup>nd</sup> engrossed

- **Portability to a higher value home**

(page 12, line 29 of SB 4-D)

If the just value of the new homestead as of January 1 is greater than or equal to the just value of the immediate prior homestead as of January 1 of the year in which the immediate homestead was abandoned, **the assessed value of the new homestead shall be** the just value of the new homestead minus an amount equal to the lesser of \$500,000 or the difference between the just value and the assessed value of the immediate prior homestead as of January 1 of the year in which the prior homestead was abandoned.

# Now, let's take our portability to a Lesser value home.

## CURRENT HOME



- Market Value \$232,570
- Assessed Value - \$180,240

**Portable Benefit of \$52,330 is 22.5 % of Market Value**

\*\*\*\* $(52,330 / 232,570) = 22.5\%$ \*\*\*\*

## NEW HOME



- Purchase Price \$185,000
- Market Value (85%) \$157,250
- (minus) Portability (22.5% of \$157,250) - **\$ 35,381**
- = Assessed Value **\$121,869**
- (minus) Homestead - \$25,000
- (minus) Add'l Homestead Excl. Schools - \$25,000
- = **School Taxable Value** **\$96,869**
- = **Other Taxable Value** **\$71,869**



# Assessment Formula

## as per Senate Bill 4-D 2<sup>nd</sup> engrossed

- **Portability to a lesser value home**

(page 13, line 8 of SB 4-D)

If the just value of the new homestead as of January 1 is less than the just value of the immediate prior homestead as of January 1 of the year in which the immediate homestead was abandoned, the assessed value of the new homestead shall be equal to the just value of the new homestead divided by the just value of the immediate prior homestead and multiplied by the assessed value of the immediate prior homestead. However, if the difference between the just value of the new homestead and the assessed value of the new homestead calculated pursuant to this paragraph is greater than \$500,000, the assessed value of the new homestead shall be increased so that the difference between the just value and assessed value equals \$500,000.



# Frequently Asked Questions

## □ Will there be a significant reduction in my taxes for 2008?

- The majority of homeowners in Leon County will see an approximate \$273 tax savings.

## □ What will my tax savings be with Portability?

- Each situation is unique, and each tax estimate requires individualized attention. Please call our office at (850) 488-6102 for your specific estimated tax savings.

## □ Is there a tax savings for new or first-time homebuyers?

- There are no provisions in this amendment to reduce the taxable value for new or first-time homebuyers or to prevent “Tax Shock” for them. For more information, see our “Tax Shock” video on our website at [www.leonpa.org](http://www.leonpa.org).

# Frequently Asked Questions

- **Is there a tax savings for non-homestead property owners?**
  - There **may** be a savings if the valuation of the non-homestead property increases over 10% from January 1, 2008 to January 1, 2009. There is no cap for the School taxable value. **The School millage rate makes up approximately 42%** of the total millage rate for 2007; therefore, the affect of this assessment cap is only partial, unlike the SOH assessment cap.
- **How do I know what my SOH savings (differential) is?**
  - Either call our office at (850) 488-6102 or look it up on our website. The **difference** between the Market assessed value and the SOH assessed value is your SOH savings (differential).

# More Questions?

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- ❑ Please call our office at (850) 488-6102, Monday through Friday, 8 a.m. until 5 p.m.
- ❑ Visit our website at [www.leonpa.org](http://www.leonpa.org)

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**Thank You**